



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, SEPTEMBER 2, 2005
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

JUSTICE DEPARTMENT REQUIRES TWO DIGITAL JUKEBOX COMPANIES TO END ILLEGAL AGREEMENT

British Jukebox Manufacturer Now Able to Enter U.S. Market

WASHINGTON, D.C.— The Department of Justice announced today that it will require two digital jukebox companies--NSM Music Group Ltd. (NSM) and Ecast Inc. (Ecast)--to terminate an illegal agreement under which NSM agreed not to enter the U.S. market with a digital jukebox to compete with Ecast. The Department said that requiring the companies to end their non-compete agreement is necessary to restore U.K.-based NSM's ability to offer its own digital jukebox in the United States.

The Department's Antitrust Division filed a civil lawsuit today in the U.S. District Court for the District of Columbia, challenging the non-compete agreement between NSM and Ecast. At the same time, the Department filed a proposed settlement that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns.

According to the complaint, NSM, already a manufacturer of CD jukeboxes, planned to begin offering a digital jukebox powered by its own platform in the United States in late 2002. At that time, digital jukebox purchasers had only two choices of digital jukebox products, one of which used Ecast's platform. A digital jukebox platform consists of a library of songs that have been licensed from U.S. copyright holders and the software necessary to access and play the songs. When installed in jukeboxes, a platform allows consumers to play any song in the music library.

NSM abandoned its plans to enter the U.S. market with its own platform once it reached an agreement with Ecast that it would only manufacture digital jukeboxes incorporating Ecast's platform. NSM's release of a third competing digital jukebox platform likely would have stimulated competition and resulted in better products at lower prices, the Department said.

The proposed settlement terminates the parties' noncompete agreement and thereby eliminates this artificial impediment to NSM's ability to offer a digital jukebox in the United States in the future.

Digital jukeboxes are the newest generation of coin-operated, music-playing devices that are installed in bars and restaurants across the United States. Instead of playing records or CDs, digital jukeboxes play digital music files and offer consumers a broader selection of music. Jukeboxes are an approximately \$1.5 billion-a-year industry.

Ecast is headquartered in San Francisco. Its digital jukebox platform offers consumers a library of more than 150,000 licensed songs. NSM Music Group Ltd. is headquartered in the United Kingdom with a U.S. subsidiary based in Chicago. It is one of the three largest CD jukebox manufacturers in the U.S.

As required by the Tunney Act, the proposed consent decree, along with the Department's competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed decree during a 60-day comment period to John R. Read, Chief, Litigation III Section, Antitrust Division, U.S. Department of Justice, 325 7th Street, N.W., Suite 300, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the consent decree upon a finding that it serves the public interest.

###